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MESSAGE

OF

GOVERNOR F. H. COONEY

TO THE

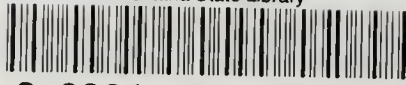
Twenty-fourth Legislative Assembly

OF THE

STATE OF MONTANA

1935

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STATE PUBLISHING CO., HELENA, MONT.



GOVERNOR'S MESSAGE

To the Members of the Twenty-fourth Legislative Assembly:

At the beginning of your deliberations it is my pleasure to greet you as fellow laborers in the State economic workshop, and my duty to advise you as to the material condition of the State and make such recommendations as may seem essential to the present and future good of the commonwealth.

After careful consideration of the needs of all departments, boards and institutions, the State Board of Examiners, in its capacity as a Budget Board, is submitting for your consideration a balanced budget for the first time since the enactment of the budget law in 1919. The budget bill shows not only the proposed appropriations but the revenue estimated to be derived from the various sources with which to meet the appropriations.

Laws are effective only to the extent of the financial provisions made for their execution. In the past some departments have not been able to function fully because of inadequate appropriations. The revenues as shown in the proposed budget bill were estimated on the basis of the general revenue laws in effect as of June 30, 1934, as shown on pages 11 to 14 of the budget. Should conditions improve to the point where the revenue from these sources increases, the excess will apply on the existing overdraft.

The present general fund overdraft is now about \$1,800,000. This is due to the following causes: A half-mill reduction in the ad valorem tax; inadequate provision for the establishment of liquor stores, from which source a large amount of revenue is expected; the impounding in advance each year of approximately \$350,000.00 of general fund revenue for the payment of principal and interest on Montana refunding bonds; the cost of the Extraordinary Session called for the enactment of relief measures, and the reallocation of certain general fund income to provide for emergency relief.

During the past eighteen months the University millage fund overdraft has been materially reduced and we have high hopes that by the end of the current fiscal year this fund will be approximately out of the red. After due consideration you may feel that the levy of three mills may with safety be reduced to 2 1-2 mills for the support of the University group.

In this connection it should be said that the general fund and the University millage fund are the only funds showing an overdraft.

Chapter 105, Session Laws of 1933, provided that the net profits from the operation of State liquor stores should be distributed as follows: One-half to the general fund of the State and one-half to the counties. Chapter 57, Laws of the Extraordinary Session of 1933-34, amended the original statute and allocated the money on the following basis: One-half of the net profits to the general fund and one-half to the emergency relief fund, this basis to continue to February 1, 1935, at which time the fifty per cent to emergency relief will be discontinued and will be allocated to the counties in the proportion the population of each county bears to the total population of the State, based on the last United States census.

Should the provisions of this law be continued by reenacting the provisions for distribution so that the emergency relief may participate, we will be in a position to give due consideration to the requirements for further emergency relief.

I believe that from the brief picture here presented you will be impressed by the satisfactory financial condition of the State. Our bonded indebtedness is approximately \$8,000,000 aside from the highway debentures, which will be taken care of by the five cent gasoline tax. With continued care one seems justified in the feeling that the financial situation of the State will greatly improve during the next two years.

WATER CONSERVATION

For more than forty years it has been my firm conviction that next to its sturdy, industrious citizenry the greatest asset of the State of Montana is its abundant water supply. It is my greatest ambition to inaugurate and carry out a program for the conservation of the waters of the State. To inaugurate such a program was one of the primary purposes for which an extraordinary session of the Legislative Assembly was convened in 1933. During the past two years Montana not only suffered the calamities directly resulting from lack of moisture, but the collapse of business throughout the United States resulted in unemployment and distress in this State. To furnish relief to the needy it was necessary to call the Extraordinary Session. Montana owes a debt of gratitude to President Roosevelt and the national administration for the assistance furnished the people in this time of distress.

For seventy years Montana has poured into the lap of the Nation many millions of wealth from its natural resources. Gold, silver, copper, lead and other minerals have been produced from rich deposits and given as our contribution to national progress. Those values have depleted the natural resources and can never be replaced. Divine Providence generously placed in our valleys fertile lands which need but the application of our bounteous water supply to blossom as the rose and to furnish to labor and industry all things necessary for a comfortable existence. Montana has furnished, and will in the future furnish to the Nation millions in wealth from the cattle and sheep grazing on our foothills and plains.

Some of our fellow-citizens residing in more densely populated sections have suggested that Montana is unfit for agriculture and incapable of sustaining a prosperous and contented people; that large portions of its population should be removed from the State and made to migrate and seek homes (without a suggestion of when or how) in other sections of the country. In fact, some have suggested the conversion of Montana into Indian reservations and that further aid from the Federal government be denied. Be not deceived if you entertain the thought that such suggestions are not being seriously considered.

The conditions present two alternatives to the people of the State. The one which comes from without is the removal of many of our best citizens—a course not only possible of fulfillment, but which might become a necessity, unless we who are familiar with our resources meet the situation which confronts us. The problem presents these questions: Shall Montana admit suggested failure? Are our vast resources insufficient properly to house, feed and support our people? Those who pioneered the State, who suffered privation that others might enjoy its bounteous resources, all cry No! None will concede that those unfamiliar with this commonwealth shall be permitted to force Montanans to become home-seekers in strange and unsuited places. An aroused public conscience and a determined Montana pride can and will solve every problem presented.

During the Extraordinary Session of 1933-34 there was enacted a law creating a Water Conservation Board and authorizing the borrowing of funds from the government of the United States without rendering the State liable for the repayment of such loans. Immediately after the passage of this Act I made application to the President that sufficient funds be allocated to carry out the projects necessary to the State's welfare. I received the fullest cooperation and the President's assurance that the necessary public funds would be made available. The difficulty in the securing of funds for these

projects is little appreciated by those who have not worked in the difficult financing of irrigation systems. The necessary finances could be secured from no private source nor has any previous administration in the history of the United States ever shown the sympathy, understanding and willingness in this great program that has been shown by the President.

We have offered to the Federal government a new form of security. The delays in connection with the execution of the program have been such as are necessary in the preparation, presentation and consummation of one so vast and important. We are enlisted on a program which can not be completed or fairly started within a year. Its completion will require years.

We have reached a point where success is clearly indicated, in that the construction of important projects will be soon begun, and the full cooperation of every member of this Assembly and every citizen of the State of Montana is absolutely necessary to the consummation of the program. Additional reason for Federal aid at this particular time is that if these contemplated projects be hastened and construction work immediately commenced, the furnishing of materials and labor necessary for the construction of the projects will give employment to the citizens of this State, taking the place of relief measures.

The construction of public buildings, municipal improvements or even highways can not take the place of a vast reclamation program. Public works in the nature of flood control and reclamation will restore prosperity to the State during the construction period and their completion will insure a continuous prosperity thereafter.

We have a cause which we may with confidence present to the Federal government. We must do our part. Now is the time, and the only time, when it is possible to move forward to complete fulfillment of our plans.

Already the construction of a dam at Fort Peck has meant labor for many of our citizens, with great irrigation possibilities for the future. Along the Musselshell valley we have secured from the Federal government assistance in the construction of the Dead Man's Basin Canal, a project which should restore prosperity to the people of several counties in the very heart of the State.

Our water conservation program includes projects of three different types, although the different classes tend to commingle. There are the very large projects similar to Fort Peck and the Big Horn, vast reclamation projects which will carry water from some of the

largest rivers in the State. These projects involving flood control are naturally works for construction and control by the United States government. Their completion is essential to the welfare of our people and of the entire Mississippi valley.

A second type of projects, such as the Rock Creek project in Carbon county, are smaller in character and, I believe, can best be constructed through a State agency. To this end the Water Conservation Board has labored during the past year. With initial success the preliminary work has been carried out. Negotiations are being carried on with the Federal government and the activities of this Board during the ensuing two years will doubtless mean the commencement and completion of some of the most important systems within the State. A large number of projects have been presented to the Board during the year. Many have been investigated and important engineering work has been done upon the following:

Official Name and County—	Cost
Rock Creek, Carbon	\$800,000
Lower Musselshell, Golden Valley and Musselshell	300,000
Valentine, Fergus	50,000
Mill Creek Storage, Park	161,022
North Fork Smith River Storage, Meagher	238,877
Broadwater-Missouri Diversion at Toston, Broadwater	900,000
Willow Creek Storage, Gallatin and Madison	213,530
Ruby River Storage, Madison	550,000
South Willow Creek, Musselshell	54,873
Upper Musselshell Storage, Meagher and Wheatland	200,000
Nevada Creek Storage, Powell	100,000
Upper Boulder Storage, Jefferson	100,000
Bear Creek Storage, Ravalli	48,424
Armstrong Ditch, Park	75,000
Flint Creek, Granite	200,000
Nilan Reservoir, Lewis and Clark	50,000
Bainville, Roosevelt	100,000

Before any project may receive Federal aid it is necessary that a thorough investigation be made, to determine the amount of land that can be irrigated, the cost of construction, whether the benefits will be sufficient to justify such construction, and that the expense of repayment can be borne by those benefited.

On the Rock Creek project we confidently expect to receive a grant from the Federal government, but except for such grants, when and if given, the projects must be made to bear their own construction and maintenance cost. Without Federal aid or some other method of financing this work can not go on.

Negotiations in this respect have not progressed as rapidly as we anticipated. The value of the preliminary work can not be underestimated and at present there appears to be no feasible plan possible to bring about the desired results except through a continuance of the work of the State Water Conservation Board.

A third type of projects include smaller ones to be constructed by one person or by a small number who will benefit therefrom. As a relief measure the Federal government is doing a most important and valuable work in this respect. In this work also the State of Montana should fully cooperate. We find in many localities even in periods when rainfall is lacking, persons who have by means of a small irrigating system continued to prosper year after year. Their success shows the value and possibilities of this type. The construction of these projects is among the most important things before the people of the State. We must by means of appropriate and carefully prepared legislation and by the appropriation of the necessary funds provide for such projects in order that the State itself may do its full part in cooperation with the Federal government in these vast undertakings.

The construction of small dams by the Water Conservation Board for one farmer or a group of farmers will bring prosperity at their present locations to many of our citizens. Neither private capital nor government financing offers an adequate method of securing the funds to construct such dams. The building of these dams is so important a part of the planned rehabilitation of the State that means must be furnished for their construction. I therefore recommend that five hundred thousand dollars be appropriated to be loaned to the farmers through the Water Conservation Board for the construction of small dams, not to cost more than ten thousand dollars for any one project; this appropriation to constitute a revolving fund to be repaid to the State by the persons benefited by such projects, and the repayment thereof to be secured by mortgaging only the projects themselves and the water impounded.

This water conservation program is the one great subject for your legislation and approval which will restore prosperity to the State. In conjunction with legislation and action by the Federal government, all legislation required by that government in con-

nection with the program should be adopted and such appropriation made for the purpose as will demonstrate to Washington the whole-hearted determination of the State of Montana to carry through this program. It is the only plan that will furnish labor to our people during the construction period, reduce the number of people requiring relief and continue to furnish opportunities for employment greater than the construction labor possibilities for many years to come.

I am in receipt of a letter from President Roosevelt suggesting that certain legislation be enacted, which is described in his letter as follows:

(1) Simplification of the procedure for the authorization and financing by municipalities of public-works projects by some amendments to Chapter 24 of the Laws enacted at the Extraordinary Session, 1933-34, and extending that law for a two-year period.

(2) Creation of municipal improvement authorities without power to tax, but with power to issue bonds payable solely from the income of revenue-producing improvements, such as water, sewer and electric light and power systems.

(3) Authorizing municipalities to engage in slum clearance, including condemnation of necessary lands and the construction, operation and maintenance of low-cost housing, to make contributions therefor, and to enter into contract with the Federal government in connection therewith.

(4) Providing for the creation of non-profit public benefit corporations or agencies to provide for the electrification of rural communities with the assistance of the Federal government.

(5) Validation of bonds and other obligations heretofore issued by municipalities for public-works projects and sold to the Federal government.

In the same communication I was advised that if such legislation was desired and the President were so notified he would request Administrator Ickes to have the necessary bills prepared.

I recommend the adoption of these measures and have written the President requesting that Administrator Ickes prepare the measures appropriate for these purposes.

SAFETY ON THE HIGHWAY

Montana, unhappily, is already beginning to pay the gruesome penalty that seems to be the portion of every State that reaches satisfactory improvement in its public roads. No sooner have we,

after longer years of struggle, pulled ourselves out of the mud than the specter of death comes to hover over our roads and threaten all who desire to use them. Statistics reveal that during the fiscal year just closed there were in this State more than two hundred deaths from automobile accidents—a grisly aggregate almost twice that of the year preceding.

Sometimes the people somewhere build tracks whereon speed contests are held and where the public may gamble on the result, but I am persuaded that the whole people do not construct highways with the thought that they shall be converted into speedways whereon the roadhog, the speed demon and the drunken driver may gamble with death. We may not hope entirely to eliminate the danger of fatalities on our improved roads, but I am persuaded that we may by proper safeguards greatly reduce the terrifying toll that is at present being taken. To this end I heartily favor the establishment of a State Highway Patrol in Montana, and most earnestly recommend that you give your best thought to the establishment of such a bureau of safety, for the good of the users of our highways.

It is not expected, of course, that Montana may be able to embark on this new work with the elaborate set-up that exists in many of our older and more populous States, but we should find it possible to make a respectable beginning in this regard. The people of the State who wish to use our roads for pleasure or business with a minimum of danger are entitled to this protection, which can come only through you, and I am convinced that the establishment of a patrol, one that is clothed with all necessary authority, will act as a powerful deterrent and result in a substantial reduction in the number of fatalities. Montana, having emerged from the mud of the dirt-road days, wants also to emerge from the ugly columns of the vital statistics department.

Manifestly, with the institution of the patrol system there should be provision for periodical inspection of motor vehicles, inasmuch as many of our accidents are believed to be due to bad brakes, poor lights or other mechanical faults. The owner who takes proper care of his car is entitled to this protection from the careless owner, and I am confident that out of the experience of other States you will be able to frame statutes that will prove beneficial without being burdensome to anyone.

THE BANKING DEPARTMENT

Reports filed with me by the State Examiner and ex-officio Superintendent of Banks show clearly that under the superintendency of Mr. Frank H. Johnson this State is receiving loyal and

efficient service in both departments. Since the bank holiday of 1933 the entire bank structure has undergone a radical change. Our banking department has, with untiring work and full cooperation on the part of the Federal Deposit Insurance Corporation, placed all State banks, with two exceptions, under the deposit insurance plan of the Federal government.

There has not been one State bank failure in Montana since the bank holiday, a period of almost two years. Of the seven banks placed under restriction four have been reopened under sound reorganization and are operating with approval and to the satisfaction of their respective communities. The three banks still under restriction are reorganizing and are to resume unrestricted business within a period of sixty days.

The liquidation of closed banks has gone forward in a successful manner, despite trying conditions. This department operates under the jurisdiction of the District Courts of the State and has cooperated with the debt conciliation committees set up in each county.

From Hon. Leo Crowley, chairman of the Federal Deposit Insurance Corporation, Washington, D. C., I have received a letter in which he has expressed his hearty appreciation of our State Banking department because of its efficient service in bringing the Montana banks under the insurance plan.

Here I desire to say that this insuring of deposits is one of the outstanding acts of the present Federal administration.

No Building and Loan associations have failed in this State during the past two years. Two associations have gone into voluntary liquidation and one of these is reorganizing at this time. The Superintendent of Banks reports that his examiners have given particular attention to the building and loan situation during the past year so as to relieve investing stockholders and to assist the associations to get off their registration as rapidly as possible.

In the department of the State Examiner there are employed four county examiners and one assistant, who have the examination of between 600 and 700 departments of State, including counties, cities, towns, etc. With this limited force the work of advising and assisting county treasurers and other officials is carried forward.

Under the Superintendent of Banks all State banks, Building and Loan associations, and credit unions are examined with the usual force of four examiners.

Because of the limited appropriations at the regular session of the Assembly, the State Examiner reported he could not maintain this force and balance the budget of his office. For seven months of 1934 this department operated with only one bank examiner. The necessary task could not have been accomplished except for assistance from the Federal Deposit Insurance Corporation, and this assistance may not again be available.

Appropriations ample for the complete operation of this department are earnestly recommended.

STATE LAND DEPARTMENT

In his report for the biennium ended June 30, 1934, Mr. I. M. Brandjord, Commissioner of Lands and Investments, whose zeal for the welfare of the department that is so closely associated with the good of our common schools is known of all who have had business dealings with that department, calls attention to the fact that at the close of the last fiscal year the department had more than \$4,370,000.00 invested in State farm mortgage loans. Not one loan has been made since December, 1925, but the greater portion of the loans theretofore made remain unpaid and are hopelessly delinquent. The Commissioner quotes Section 3 of Article XI of the State Constitution, which says that "such public school fund shall forever remain inviolate, guaranteed by the State against loss or diversion," and he renews the department recommendation that the Legislative Assembly enact legislation acknowledging the State's indebtedness to the public school permanent fund for the amount actually invested in these loans and make provision for the annual payment of interest at a fixed rate and the systematic payment of the principal itself. There are now 1949 loans unpaid and the State has taken title to the lands in 1114 of these. The accumulated delinquent interest aggregates approximately \$1,500,000.00.

The Commissioner suggests that coal, oil, gas and other minerals should be reserved in the mortgaged lands to approximately the same extent as they are reserved in other State lands. This was the case under a former statute, but an amendment to the then existing statute was made in 1929, whereby the reservation clause was eliminated. "The discovery of oil or gas in large quantities in one single tract of mortgaged land," he says in all truth, "might do considerable towards reimbursing the State for its losses."

It is further pointed out that the Assembly of 1933 made no appropriation for the field service of the department except for the chief field agent and one stenographer. Because the chief has all of the work he can attend to in the office, the department has had

no field men during the last fiscal year and the work has suffered accordingly. There are more than six thousand agricultural and grazing leases outstanding, and it seems obvious that so great an estate can not be properly administered without a number of men in the field.

These facts will be at your disposal in far greater detail during the session, and I commend them to your serious consideration. This is one of the great revenue-producing departments of the State and because of its importance to the schools it deserves and should have every attention to the end that it may be provided with adequate legislation and appropriations for its proper functioning.

STATE LIQUOR STORES

For little more than a year Montana has been in the liquor business through the medium of State-owned stores, and while the returns have not been as great as some of the more enthusiastic liquor advocates predicted, it is apparent that these stores have gone far toward demonstrating the wisdom of the law under which they are being operated.

At the beginning the Liquor Control Board was handicapped because the Assembly had given it a line of credit amounting to only \$25,000.00 and appropriated only \$100,000.00 for the establishment and operation of the stores. Under these conditions the Board was compelled to feel its way along a hitherto untried path, starting with only four stores and gradually adding to this number as its finances warranted. In this way the business has expanded until there are now one hundred fifteen stores in operation. Detailed reports of the operations of the Board will be furnished the members of the Assembly, so that I need do no more here than summarize the work of the past year. From the profits of the stores the \$100,000.00 appropriation has been repaid to the State, together with interest to the State in the sum of \$2,430.09. In addition, the sum of \$5,000.00 has been paid into the general fund of the State and a similar sum has been distributed to the relief fund. A statement of operations to November 30, last, shows a net profit of more than \$578,000.00, and a conservative estimate of the business for December warrants the belief that the net profits up to the beginning of the year 1935 will reach the sum of \$650,000.00. I am firmly of the belief that the net profits for the calendar year 1935 will reach at least one million dollars.

The contrast between the existing system and the old open saloon plan is so great that most people must see and appreciate the improvement.

So long as the liquor business is to be carried on I am convinced that the State-store system is the best plan yet evolved. However, the experience of the past year has shown me that the permit system is of no particular value, and I therefore recommend that it be abolished.

SALARY ADJUSTMENTS

While this does not seem a time for suggestions as to increases of salaries in the State service, there are still a few instances in which good judgment would seem to dictate readjustment or increase. You are all no doubt familiar with the situation that has arisen in connection with the salaries of the members of the Supreme Court, a case that has been taken into the courts for determination. For many years the compensation of justices has been paid under two designations: one purely as salary and the other as remuneration for the reporting of decisions of the court, the total being \$7,500.00 a year. It is my belief that no one will object to a straight salary of that sum for the men whom we elevate to seats on this most important tribunal, and in order that the question may never again be raised I am moved to recommend that the law be so changed as to make the salary of members of the court \$7,500.00 a year.

Experience of nearly two years has convinced me that the salary of \$4,500.00 now paid the Attorney General is not commensurate with the varied duties and responsibilities imposed upon him by the law. He is a member of virtually all of the first grade boards which have a hand in the administration of our affairs and in addition must direct the activities of an office that is at all times at the call of certain officials throughout the State. It is true that he is permitted assistance in some of this work, but in the board work there can be no one to take his place, and his alone is the responsibility. Anyone who has opportunity to observe the volume of work that is carried by the Attorney General must conclude that he is an overworked and underpaid official. The salary carried by this important office should be such as to make the position appeal to the best talent of the legal profession, and in the hope that you may feel inclined to act in behalf of an official who has so many burdens imposed upon him I recommend that the salary of the Attorney General be increased to \$6,000.00 a year.

The department of the State Accountant is another that has impressed me with the amount of work required and the inadequacy of the salary paid to the head of the force. In the preparation of the budget and in keeping close watch upon the financial affairs of the State that office is a very valuable cog in the State's machinery,

and I feel that in justice to the responsible official at the head of the department his salary should be increased to at least \$3,600.00 a year.

INTEREST ON STATE DEPOSITS

In the matter of State money on deposit a situation has arisen that is worthy of your most intelligent consideration. In a communication recently received from State Treasurer James J. Brett conditions in this regard are pointed out and suggestions are made looking to a remedy. Because of the liquid condition of the banks, the meager demand for money, and the 2 1-2 per cent interest rate required by the State for money on deposit, the Treasurer says, banks do not seek these funds. On the contrary, they are reducing deposits and it was only after considerable urging by the Treasury Department that they agreed to handle any State funds during the past year. Despite these unusual conditions interest earnings for the year amounted to \$33,000.00.

At this time we have in Federal and certified checks about four million dollars which we are unable to deposit, and it is pointed out by the Treasurer that unless this session of the Assembly takes some action, either by way of reducing the present interest rate or allowing the State Depository Board to carry a percentage of this large balance in its own paper, a much more embarrassing situation is sure to arise.

The Treasurer likewise calls attention to the fact that under the existing depository law the State of Montana can not avail itself of the Federal insurance covering deposits. It seems eminently desirable that the State be permitted to secure the advantages of the Federal law.

These are matters that closely affect the conduct of our financial affairs, and it is my recommendation that you enact such legislation as to you may seem desirable in the premises.

TO SAVE THE HOME

The loss of homes through foreclosures of mortgages and the sale of homes for delinquent taxes have been so great during the past few years as to reach the proportions of a catastrophe. All of us realize that everything possible should be done to save the homes of our people, and the subject is one worthy of your most earnest consideration.

Our Constitution now requires the taxation of the small home in the same manner as all other property is taxed. In order to attain

the end believed to be desired by most people of the State I recommend that this Assembly authorize the submission of a constitutional admendment to provide an exemption from taxation to the extent of \$2,500.00 on real estate occupied by the owner and his family.

STATE INSTITUTIONS

From reports which will be submitted to you and from investigations conducted by committees which your bodies will doubtless appoint, the condition of our penal, correctional and charitable institutions will be demonstrated. These have been carrying on for the last two years, some with reduced appropriations, as best they might, and it is believed that their conduct has been marked by ability and closest consideration by those in charge. The unfortunates who must be cared for by the State should have every aid possible with a view to reformation or cure of the ailment under which they are laboring. I commend these institutions to your wise attention in order that they may be given all of the support which may be necessary for their proper administration. The more intelligent the care of these wards of the State, the greater the benefit to society as a whole.

SCHOOL FOR THE STATE PRISON

From close and frequent observations of operations at the State prison I have concluded that a work of much ultimate benefit to prisoners and society alike might be performed by the establishment there of a school wherein those under sentence might receive instruction in classes conducted by trained teachers just as our youth are taught in the common schools of the State. There is no doubt that many of the prisoners would feel a lively personal interest in these classes, and there seems a probability that many of them would gain through such schooling a better outlook upon life and a training that would be of decided benefit to them after their terms had expired and they found themselves at liberty to go and come as they pleased among their fellows. If only a small percentage of them became interested and profited from the instruction given, it seems that the State would be much the gainer for having provided the school. Only a small proportion of the prison population are confirmed criminals, and those who are not might make a really valuable contribution to our State's life because of the instruction received at a prison school.

Believing this to be an experiment well worth while, I recommend that you give serious thought to the question of establishing such a school, to be instituted on a modest scale at the outset and afterwards expanded as experience may demonstrate its value.

COMPENSATION FOR PRISONERS

Permit me to recommend the setting up of some system of remuneration of prisoners at Deer Lodge who by reason of their good conduct and industry while serving time seem to deserve more consideration than is now given. There are certain seasons of the year when perhaps forty per cent of the population may be engaged in work on the State's ranches and in other forms of employment from which the State reaps the benefit. In many cases the men doing time have been taken from their families and these latter have thus been left without a provider of the necessities of life and therefore become charges upon the county wherein the crime was committed.

It seems, particularly in cases such as these, that it would be more humanitarian and likely to return good dividends to the State in the long run if we could pay these men some compensation for their labor, this to be sent monthly to their families, or to be allowed to accumulate for payment upon the completion of the term. Many an offender, I believe, would emerge from the prison with a new sense of freedom and independence if he could walk out with a substantial sum in his pocket; and, best of all, he should be inclined to look back upon his life within the walls from an entirely different angle.

This is something wholly new in our treatment of the men who have gone wrong, but I believe that it is worth a trial and am therefore laying it before you in the hope that it may be seriously considered.

OUR NEPOTISM LAW

If one may gauge the success or failure of a statute by the number of complaints registered against it, then the nepotism law enacted at the regular session of the Assembly in 1933 must have failed, partially at least, in its purpose. It appears that virtually its only effect has been in the case of school teachers, some of whom have lost positions because of the presence of some relative on a board of school trustees or in the office of the County Superintendent of Schools, and I am told of a case in which the discharged teacher has been unable to secure employment at her life work since the law went into effect.

Evidently the chief aim of the statute was to cure an ill that was at the time said to be affecting many of our counties. True, the statute makes it unlawful for any public officer to secure positions for his relatives by a "trade" with other officers, but manifestly it is extremely difficult to trace these "trades" to their source and enforce the law. Therefore it seems that the teaching profession is about the only one to feel the force of the provision.

Being convinced that a hardship is being worked against one class of our citizens because of inequality of enforcement, I recommend the repeal of Chapter 12 of the Laws of the Regular Session of the Twenty-third Legislative Assembly.

THE SEAWAY TREATY

Repeated examination by national and international boards and commissions has shown that opening of the Great Lakes for through movement of ocean-borne commerce to the heart of the North American continent will, to a large extent, overcome the handicap of the deep interior States, due to remoteness from the sea greatly accentuated by the opening of the Panama canal and increase in rail rates. These boards and commissions have found the project not only feasible from an engineering standpoint, but the cost to be small in proportion to benefits.

The Legislative Assembly of 1919, by Concurrent Resolution, first associated Montana with the movement and in cooperation with some twenty other states, acting as a unit, through the Great Lakes-St. Lawrence Tidewater Association, has carried on investigation and research into the economic need and caused the governments of the United States and Canada to study the economic, engineering and international phases, all of which resulted in the signing of a treaty by the United States and Canada on July 18, 1932.

The President will re-submit the Seaway treaty to the Senate of the 74th Congress, and in view of the fact that this is the final battle in a long campaign of twenty-one states for economic justice I ask you give to the Seaway project and Seaway treaty that early, careful consideration demanded by its great importance to Montana, to the end that every means at your command may be exerted to insure ratification by the United States Senate in the early days of the present session.

EMERGENCY CONSERVATION WORK

During 1934 three emergency conservation work camps were placed in National forests in Eastern Montana. Application has been made for several similar camps on State, County and City land and in national forests for 1935. Tentative approval has been given three of these camps and the President has asked that the State enact legislation providing that if as a result of the work the State derives a direct profit from the sale of the land or its products the proceeds will be divided equally between the State and the Federal

government until the State shall have paid for the work done at the rate of one dollar per man per day for the time spent on projects subject to a maximum of three dollars per acre.

In view of the benefits which the State of Montana has received through the establishment of these camps, the President's request seems just and reasonable and I urge that you enact the legislation he asks.

ATTACHMENT OF WAGES

Chapter 49 of the Laws of the Extraordinary Session of the Assembly, approved January 17, 1934, prohibited the garnishment of wages where the sum sued for is \$10.00 or less. This Act was passed for the relief of the wage earner who since the beginning of the depression has found the going particularly rough. With the purpose of the measure I am heartily in accord, but it is my belief that the sum exempted from garnishment is not sufficiently liberal to accomplish much good for the worker who honestly endeavors to spread his meager paycheck out to take care of as many creditors as possible. In the hope of doing greater good to those who toil for their daily bread, I recommend that this Act be amended by materially increasing the amount so protected.

AERONAUTICS COMMISSION

Montana has become air-minded and there is a continually increasing use of our airways in the transportation of mails and passengers. During the past year approximately half a million dollars of Federal aid money has been spent in the State in the development of a comprehensive airport system under the supervision of the State Commissioner of Aeronautics, Mr. Fred B. Sheriff, whom I appointed and who has served without salary and without cost to the State. We now have about seventy-five landing fields for the convenience of the flying public. Only one State in the Nation has done more than Montana in this development work and our position is attracting attention nationally.

It seems quite desirable that the present session should adopt the uniform code for aeronautics, which is the result of conferences for the past six years between the aviation committee of the American Bar Association and a special committee of State aviation officials. This is being presented to a large number of Legislatures this winter and will be introduced here. This will provide for appointment of a commission, to serve without pay.

We are a State of great distances and transportation by air seems to hold for us a most promising future, and some form of

intrastate regulation will be needed I recommend the enactment of the uniform code and a small appropriation that will permit the proposed commission to function efficiently.

THE HOUSING ACT

Within recent days there has come to me a letter from President Roosevelt calling attention to the fact that in virtually every State there is need of certain legislation in order to make Titles II and III of the National Housing Act more effective.

When your organization shall have been completed and your committees appointed I shall transmit this correspondence to you together with a copy of the measure suggested by the National administration. This subject is recommended to you for such action as may be necessary in order for us to meet the Federal government in this particular.

CODIFICATION OF OUR LAWS

Codification of the laws of Montana was authorized by the last session of the Assembly. It is necessary to continue the work this year. The Code Commissioner has prepared bills to be submitted to this session to clear up ambiguities in existing laws, to further codification and to provide for the printing of the Codes. The Acts of the present Assembly must be included in the volumes and this will necessitate continuance of the Commissioner's labor through a good part of the year. A proper appropriation for the completion of the work and the printing of the Codes is recommended.

The Code Commissioner will, early in the session, submit a detailed report for your information.

CONCLUDING

Finally, let me say that you come here with commissions directing you to serve your respective counties, but the commission is more comprehensive than that. You are charged with the high duty of legislating for the welfare of the whole State as well, and as you decree wisely for the State just to that degree will you legislate for the weal of your home people. In doing this partisanship should have no place. I would not have any man forget or neglect his partisan connections, but it is my belief that when the welfare of the citizens of all Montana is at stake the legislator who lays aside every vestige of party prejudice is the one who measures up most closely to the stature of a statesman. In a crisis like this, when

the very existence of the State which we all love may be in the balance, no one of us can honestly afford to withhold approval from measures that are designed to promote the welfare of the State. With this idea in mind, I pass this promise to you: In every move made by this body tending to improve conditions in Montana and to further insure the well being of our people you may count on my heartiest cooperation. I shall be glad to meet you at least half way, and shall not be influenced by political considerations. With a united effort toward this ideal you should make the Twenty-fourth Legislative Assembly one that will stand out in the history of Montana as epoch-marking.

